

Message Text

PAGE 01 STATE 042855

62

ORIGIN ARA-03

INFO OCT-01 EB-03 ISO-00 SSO-00 SS-05 (ISO) R

66011

DRAFTED BY ARA/PAN:JPBECKER:ZC

APPROVED BY ARA/PAN:ENADEAU

EB/ORF/FPD:FMCELDOWNEY

ARA/ECP:ABERRY

----- 100549

O 250124Z FEB 76

FM SECSTATE WASHDC

INFO AMEMBASSY PANAMA IMMEDIATE 0000

C O N F I D E N T I A L STATE 042855

STADIS////////////////////////////////////

LIMDIS

FOL RPT STATE TOSEC 040191 ACTION USDEL SECRETARY INFO SAN JOSE
22 FEB.

QUOTE

C O N F I D E N T I A L STATE 042855 TOSEC 040191

STADIS

LIMDIS

E.O. 11652: GDS

TAGS: ETRO, FAGR, EPAP, CS, PN

SUBJECT: COSTA RICAN AND PANAMANIAN MEAT EXPORTS TO THE US

REF: SAN JOSE 0778

1. THE FOLLOWING PARAGRAPHS SUPERSEDE THE SECTION ON MEAT
EXPORTS TO THE U.S. IN THE SECRETARY'S COSTA RICAN BRIEFING
PAPERS AND SHOULD BE ADDED TO THE BRIEFING MATERIALS FOR
CONFIDENTIAL

PAGE 02 STATE 042855

PANAMA:

2. THE COSTA RICANS AND PANAMANIAN ARE VIRTUALLY CERTAIN
TO ASK YOUR HELP IN INCREASING THEIR MEAT EXPORTS TO THE

U.S. IN 1976. PRESIDENT ODUBER HAS ASKED AMBASSADOR TODMAN FOR A 10 MILLION POUND INCREASE IN THE U.S. IMPORT RESTRAINT LEVEL FOR 1976. HIGH LEVEL PANAMANIAN REQUESTS ARE OF A SIMILAR MAGNITUDE ALTHOUGH THEY WOULD PROBABLY BE SATISFIED WITH AN ADDITIONAL 5 MILLION POUNDS. BOTH COUNTRIES SEEK INCREASED ACCESS TO THE PREFERRED U.S. MARKET BECAUSE THEY WANT TO CONTINUE TO EXPAND THEIR DEVELOPING MEAT INDUSTRIES.

3. COSTA RICA AND PANAMA ALSO REQUESTED INCREASES IN THEIR 1975 ALLOCATIONS TOWARD THE END OF LAST YEAR. AS WE

REPORTED TO YOU THEN, THERE WAS NO PRACTICAL WAY TO ALTER THE 1975 ALLOCATIONS WHICH WERE SET IN THE AGREEMENTS SIGNED WITH THE PARTICIPATING COUNTRIES. NEITHER WAS THERE ANY WAY TO MAKE FURTHER REALLOCATIONS BECAUSE THERE WAS NO ADDITIONAL SHORTFALL.

4. THE PRESIDENT HAS DIRECTED THAT WE NEGOTIATE VOLUNTARY RESTRAINT AGREEMENTS WITH SUPPLIER NATIONS TO HOLD IMPORTS IN 1976 BELOW THE 1233 MILLION POUND TRIGGER LEVEL PRESCRIBED BY THE MEAT IMPORT ACT. IF IMPORTS EXCEED THE TRIGGER LEVEL, A QUOTA IS AUTOMATICALLY IMPOSED AT MORE THAN 100 MILLION POUNDS BELOW THE LEVEL OF THE VOLUNTARY PROGRAM. IMPOSITION OF QUOTAS COULD RESULT IN RETALIATORY MOVES UNDER GATT BY CANADA AND OTHER EXPORTERS.

5. TO DEPART FROM THE HISTORICAL PERFORMANCE STANDARDS USED TO CALCULATE 1975 PROGRAM SHARES COULD JEOPARDIZE THE VOLUNTARY PROGRAM. IF COSTA RICA AND PANAMA ARE GIVEN SPECIAL CONSIDERATION, OTHERS WILL BE ENCOURAGED TO MAKE SIMILAR REQUESTS. AUSTRALIA AND NEW ZEALAND ALSO SUFFER FROM PROBLEMS OF SUPPLY SURPLUS. THEY REPRESENT OVER 70 PERCENT OF THE PROGRAM AND THEIR COOPERATION IS THEREFORE ESSENTIAL FOR ITS SUCCESS.

6. THE 1233 MILLION POUND TRIGGER LEVEL REPRESENTS A 4.4
CONFIDENTIAL

PAGE 03 STATE 042855

PERCENT INCREASE FROM THE 1975 LEVEL OF 1181.7 MILLION POUNDS. HOWEVER, THE EXPECTED INCREASE IN ALLOCATIONS AMONG VOLUNTARY RESTRAINT PARTICIPANTS WILL BE ABOUT 2 PERCENT MAINLY BECAUSE WE HAVE REMOVED QUOTAS AND RETURNED TO OUR TRADITIONAL OPEN BORDER IN BEEF TRADE WITH CANADA. WE HAVE INCLUDED IN OUR PLANS A PROVISION FOR CANADA OF 70 MILLION POUNDS, UP FROM THE 17 MILLION POUNDS PERMITTED UNDER QUOTAS IN 1975.

7. AUSTRALIAN LIVESTOCK INTERESTS HAVE BEGUN TO APPLY COUNTER-PRESSURES ON THE FRASER GOVERNMENT TO ENSURE THAT LATIN AMERICAN PRODUCERS DO NOT RECEIVE SPECIAL TREATMENT AT THEIR EXPENSE IN THE U.S. PROGRAM. THE AUSTRALIANS

ARE BALKING AT THE CURRENTLY CONTEMPLATED ALLOCATION FORMULA WHEREBY EACH COUNTRY'S ALLOCATION IS BASED UPON EITHER ITS 1973 OR 1974 EXPORTS, WHICHEVER IS GREATER. THIS SYSTEM IS NOT AS ADVANTAGEOUS TO AUSTRALIA AND NEW ZEALAND AS ONE WHICH WOULD INCLUDE EARLIER PERIODS THAT DO NOT REFLECT THE CONTINUING DEVELOPMENT OF CENTRAL AMERICA'S MEAT INDUSTRY. (IN 1975, THE U.S. MADE AN INITIAL PROPOSAL FOR A PROGRAM AT 1150 MILLION POUNDS, WITH AN AUSTRALIAN ALLOTMENT OF 613.1 MILLION POUNDS AND A COSTA RICAN ALLOTMENT OF 43.2 MILLION POUNDS, PREDICATED

ON A 1972-1974 BASE PERIOD. TO RECOGNIZE CENTRAL AMERICA'S DEVELOPING INDUSTRY WE INCREASED THE PROGRAM TO 1180 MILLION POUNDS AND CHANGED THE BASE PERIOD TO THE BETTER YEAR OF 1973-74. WITH THE CHANGE IN BASE PERIOD, AUSTRALIA'S ALLOTMENT WAS INCREASED ONLY TWO MILLION POUNDS, WHILE COSTA RICA'S SHARE ROSE NINE MILLION POUNDS.)

8. MEANWHILE OUR EMBASSY IN SAN JOSE HAS PROPOSED AN ALTERNATIVE HISTORICAL PERFORMANCE FORMULA, USING 105 PERCENT OF AVERAGE ACTUAL IMPORTS DURING 1974 AND 1975. THIS FORMULA REDUCES ALLOTMENTS FOR SEVEN LATIN AMERICAN PARTICIPANTS, FOUR OF WHOM HAVE ALREADY REQUESTED SMALL INCREASES IN OR MAINTENANCE OF THEIR 1975 SHARES, AND THEREBY FURTHER EXACERBATES THE DIFFICULTY OF SUCCESSFULLY NEGOTIATING AGREEMENTS WITH OTHER MEAT EXPORTING COUNTRIES.

9. WE HAVE SOUGHT MEANS TO MEET COSTA RICA'S INTEREST IN CONFIDENTIAL

PAGE 04 STATE 042855

EXPANDING ITS EXPORTS WITHOUT JEOPARDIZING THE NEGOTIABILITY OF THE ENTIRE MEAT IMPORT PROGRAM. SPECIFICALLY, IN LIEU OF INCREASING COSTA RICA'S OR PANAMA'S PERCENTAGE SHARE OF THE MARKET, WE HAVE USED OUR GOOD OFFICES WITH THE EC TO FACILITATE EUROPEAN IMPORTS OF COSTA RICAN AND PANAMANIAN BEEF. WE DO NOT KNOW AT THIS POINT WHETHER SATISFACTORY CONTRACTS WILL RESULT FROM THIS INITIATIVE. THE EC COMMISSION HAS TOLD US SOCOPA, A MAJOR IMPORTING COMPANY WITH BRANCHES IN FRANCE AND GERMANY, HAS CONTACTED CENTRAL AMERICAN EMBASSIES IN EUROPE REGARDING BEEF SHIPMENTS. WE HAVE NO REPORTS OF ANY EC CONTACTS DIRECTLY WITH EXPORTERS IN COSTA RICA AND PANAMA, NOR HAVE THE TWO GOVERNMENTS ACKNOWLEDGED THE REPORTED CONTACTS IN EUROPE.

10. ARA BELIEVES WE SHOULD ALSO NEGOTIATE A SCHEME FOR REALLOCATION OF SUPPLY SHORTFALLS WITHIN THE LATIN AMERICAN/CARIBBEAN AREA AS PART OF THE 1976 PROGRAM. EB DISAGREES. ARA CONSIDERS SUCH A SCHEME WOULD DEMONSTRATE BOTH DIFFERENTIATED TREATMENT FOR LDCS AND SPECIAL CONSIDERATION FOR LATIN AMERICAN DEVELOPMENT NEEDS, WHILE COVERING ALL OF THE SMALL PRODUCERS SUPPLYING THE U.S. MARKET - COSTA RICA, THE DOMINICAN REPUBLIC, EL SALVADOR,

GUATEMALA, HAITI, HONDURAS, PANAMA, MEXICO AND NICARAGUA. SHORTFALLS FROM THOSE COUNTRIES WOULD BE REALLOCATED SOLELY AMONG COUNTRIES IN THE AREA AS LONG AS ANY WERE CAPABLE OF FURTHER EXPORTS. MEXICO AND COSTA RICA WOULD BENEFIT MOST BECAUSE THEY HAVE THE LARGEST SHARES OF THE MARKET IN THE AREA. PANAMA WOULD BENEFIT SIGNIFICANTLY ONLY WHEN THE OTHERS COULD NOT FILL ALL THE AREA SHORTFALLS. SUCH A SCHEME WOULD NOT AFFECT INITIAL

RESTRAINT LEVELS OF AUSTRALIA AND NEW ZEALAND. IT WOULD, HOWEVER, PROVIDE CONTINUING BENEFITS, PARTICULARLY TO COSTA RICA, IF INCLUDED IN FUTURE RESTRAINT PROGRAMS. IT WOULD BE A USEFUL SUPPLEMENT TO THE EC MARKET OPPORTUNITY DESCRIBED ABOVE, PARTICULARLY IN VIEW OF PANAMANIAN AND COSTA RICAN DOUBTS ABOUT THE FEASIBILITY OF UTILIZING THAT OPPORTUNITY.

11. EB STRONGLY OBJECTS TO THE PROPOSAL TO TABLE A LA/ CARIBBEAN REALLOCATION SCHEME FOR THE FOLLOWING REASONS: CONFIDENTIAL

PAGE 05 STATE 042855

A) WE PRESSED AUSTRALIA VERY HARD IN 1975 TO ACCEPT SUCH A SCHEME, BUT THEY WERE ADAMANT IN REJECTING IT. THEIR OPPOSITION HAS BEEN BASED ON PREVIOUS ADVERSE EXPERIENCE WITH A SIMILAR SCHEME IN SUGAR; THE LOSS OF ANY POSSIBLE SHORTFALL REALLOCATION FROM LATIN AMERICAN/CARIBBEAN COUNTRIES WHICH AMOUNTED TO 30 MILLION POUNDS IN 1975, AND THE FEAR THAT IF THE PRINCIPLE OF SPECIAL TREATMENT FOR LATIN AMERICAN PRODUCERS IS INCORPORATED IN MEAT TRADE, IT WILL SPREAD TO TRADE IN OTHER COMMODITIES.

B)--HE-FRASER GOVERNMENT IS

B) THE FRASER GOVERNMENT IS UNDER MOUNTING PRESSURE FROM AUSTRALIAN LIVESTOCK INTERESTS TO ENSURE THAT LATIN AMERICAN PRODUCERS DO NOT RECEIVE SPECIAL TREATMENT AT THEIR EXPENSE, WHICH THEY CONSIDER THE ALLOCATION FORMULA USED LAST YEAR AND PROPOSED FOR THIS YEAR PROVIDES. TO ADD TO THIS PROBLEM THE FURTHER ONE OF LATIN AMERICAN REGIONAL REALLOCATION WILL COMPLICATE AND DELAY NEGOTIATIONS, IF NOT RESULT IN THEIR FAILURE.

C) THE POLITICALLY POTENT AMERICAN NATIONAL CATTLEMEN'S ASSOCIATION IS BECOMING INCREASINGLY RESTIVE OVER THE DELAY IN THIS YEAR'S PROGRAM. THE PRIMARY REASON FOR THIS DELAY HAS BEEN THE NEED TO RESOLVE THE STATUS OF COSTA RICA AND PANAMA IN THE PROGRAM. IMPORTS FOR THE FIRST QUARTER OF 1976 ARE AT RECORD LEVELS, AND THERE ARE NO RESTRAINTS ON THESE IMPORTS AT THE PRESENT TIME.

D) IN EB'S VIEW, THE MOST SUBSTANTIAL AND LONG LASTING RELIEF FOR LATIN MEAT PRODUCERS LIES IN DEVELOPING ADDITIONAL EXPORT MARKETS. NEITHER COSTA RICA NOR PANAMA HAS BEEN A SIGNIFICANT EXPORTER TO EUROPE. CONSEQUENTLY,

OUR EFFORTS TO SECURE THE EC COMMISSION'S HELP IN OPENING A NEW 10 MILLION POUND MARKET PRESENTS COSTA RICA AND PANAMA WITH A VALUABLE OPPORTUNITY TO DIVERSIFY FROM ALMOST EXCLUSIVE RELIANCE ON THE U.S. WE HAVE THE COMMISSION'S AGREEMENT TO FACILITATE SUCH IMPORTS.

12. YOUR TALKING POINTS:

CONFIDENTIAL

PAGE 06 STATE 042855

-- THE UNITED STATES IS SYMPATHETIC TO THE COSTA RICAN REQUEST, AND UNDERSTANDS ITS DESIRE TO DEVELOP THEIR LIVESTOCK INDUSTRY AND EXPAND THEIR EXPORTS.

-- HOWEVER FOR THE UNITED STATES TO DEPART FROM THE HISTORICAL FORMULA USED TO DETERMINE ALLOCATIONS IN 1975 WOULD JEOPARDIZE THE NEGOTIABILITY OF THE ENTIRE PROGRAM WHICH WOULD RESULT IN THE IMPOSITION OF MUCH MORE RESTRICTIVE QUOTAS.

-- INSTEAD, THE UNITED STATES HAS USED ITS GOOD OFFICES WITH THE EUROPEAN ECONOMIC COMMUNITY TO FACILITATE EUROPEAN IMPORTS OF COSTA RICAN AND PANAMANIAN BEEF. WE UNDERSTAND THAT EC IMPORTERS HAVE BEEN IN TOUCH WITH YOUR DIPLOMATIC REPRESENTATIVES IN EUROPE CONCERNING POSSIBLE SALES.

-- (OPTIONAL, DEPENDING ON YOUR VIEWS OF THE APPROACHES STATED IN PARAS. 10 AND 11.) WE ARE ALSO EXPLORING WITH OTHER PROGRAM PARTICIPANTS THE POSSIBILITY OF PROVIDING FOR A REGIONAL REALLOCATION OF SHORTFALLS. SUCH A SYSTEM COULD PROVIDE VERY SUBSTANTIAL BENEFITS TO A PRODUCER LIKE COSTA RICA WITH EXCESS EXPORT CAPACITY.

13. DRAFTED BY F. MCELLOWNEY EB/ORF/OFPP/FPD. APPROVED BY JULIUS L. KATZ, EB. CLEARED BY P.D.TAYLOR EB/ORF/OFPP/FPD AND A. FISLOW, ARA/LA. EAGLEBURGER

UNQUOTE INGERSOLL

CONFIDENTIAL

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: Z
Capture Date: 15 SEP 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TOSEC, EXPORT DATA, MEATS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 FEB 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE042855
Document Source: ADS
Document Unique ID: 00
Drafter: ARA/PAN:JPBECKER:ZC
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Film Number: D760068-0300
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t197602103/baaaeofh.tel
Line Count: 260
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS STADIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 15 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 JUL 2004 by SmithRJ>; APPROVED <25 OCT 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COSTA RICAN AND PANAMANIAN MEAT EXPORTS TO THE US
TAGS: ETRD, EAGR, EPAP, CS, PN, US
To: n/a INFO PANAMA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006